AMENDED IN ASSEMBLY JULY 17, 2007

AMENDED IN SENATE JUNE 4, 2007

AMENDED IN SENATE APRIL 16, 2007

AMENDED IN SENATE APRIL 9, 2007

SENATE BILL

No. 765

Introduced by Senator Ridley-Thomas

(Principal coauthor: Assembly Member Bass) (Coauthors: Assembly Members Arambula, Garcia, and Price)

February 23, 2007

An act to add and repeal Chapter 12.92 (commencing with Section 7096) of Division 7 of Title 1 of the Government Code, relating to economic development, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 765, as amended, Ridley-Thomas. Economic development: California Partnership for Urban Communities.

Existing law provides for various programs and activities in the development of economic opportunities for businesses in the state.

This bill would, until January 1,—2012 2015, create the California Partnership for Urban Communities in state government, with a specified membership and specified duties with respect to coordinating and improving government efforts for at-risk urban communities, as defined. It would require the partnership to—contract with nonprofit entities to administer provide funding to leverage private sector and nonprofit contributions to support the program, and to report annually to the Governor and the Legislature on its activities. The bill would appropriate \$500,000 to the Business, Transportation and Housing Agency for these purposes and would create the California Partnership for Urban

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Communities Fund in the State Treasury for the purpose of receiving federal, state, local, and private economic development funds.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature hereby finds and declares all of the following:

- (a) California's urban communities and neighborhoods within its largest cities are remarkably diverse in their people, businesses, and cultural heritage, and provide an enormous unrealized potential for development of a skilled, educated, and sustainable workforce.
- (b) Every California community should have the right to participate in the decisionmaking process on issues that affect it, the opportunity to attain self-sufficiency and independence, and the ability to provide a decent, safe, and supportive living environment for every one of its residents.
- (c) The state has a very high interest in helping urban communities realize their potential because, among other things, uplifting these communities generates higher tax revenue, lowers social costs, and improves the health of its citizens.
- (d) The state, among the world's 10 largest economies, needs to enhance its competitiveness by investing in improved education and training of people living in its urban communities to ensure the expansion of the state's intellectual and scientific research capacity, enabling an increased number of engineers, doctors, scientists, teachers, and skilled individuals equipped to meet the challenges of the technologically advanced 21st century.
- (e) The state has a vested interest in providing the framework from which equality can be attained among the diverse populations in its largest metropolitan areas.
- (f) Urban communities represent an untapped market for products manufactured in the United States for export abroad and for goods and services produced elsewhere in the state. As the economic potential of urban consumers increases, so will the benefits to other economic segments of our state.
- (g) The state has an interest in reducing crime, the cost of incarceration, and the loss of lives and property associated with

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it, and best achieves improvements in these areas by finding answers to these problems that plague urban communities.

- (h) For every youth averted from incarceration in a facility of the Juvenile Justice Division of the Department of Corrections and Rehabilitation, the state will save between seventy thousand dollars (\$70,000) and one hundred fifty-four thousand dollars (\$154,000) per year in detention and related costs.
- (i) For every youth prevented from going to prison as an adult, the state will save over thirty-four thousand dollars (\$34,000) per inmate annually in detention costs alone.
- (j) This state is home to three of the 10 largest cities in the United States, including Los Angeles, which is perhaps the most socioeconomic and ethnically diverse of all.
- (k) The strength of this state is tied to the economic success of all its urban communities, as well as its rural regions. Improving the economy and well-being of the people in at-risk urban communities requires a concerted, coordinated, and creative response from leaders at all levels of government and from the community.
- (*l*) The holistic, comprehensive, multijurisdictional approach demonstrated by the San Joaquin Valley Partnership, created in 2005, can be a model for how the state can *partner with the public and private sectors in local communities to* address the problems in urban communities. The San Joaquin Valley Partnership has demonstrated that a collaborative effort can produce a vision to build a cohesive region that is supported by a vibrant economy sustained by competitive strengths and sufficient resources. The vision was to provide a high quality of life for all valley residents in order to achieve the "3Es" of sustainable growth: a prosperous economy, quality environment, and social equity.
- (m) Leveraging of public funds through collaborative projects with the private and nonprofit sectors can produce partnerships
- (m) Leveraging of private and nonprofit sector resources with public funds through collaborative projects can produce partnerships that result in an overall savings to state and local government while ultimately increasing revenues due to increased employment and a higher standard of living.
- (n) By supporting public-private partnerships, business, education, and law enforcement entities in at-risk communities,

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the state ensures a longstanding commitment to economic self-reliance, parity, power, and civil rights.

SEC. 2. Chapter 12.92 (commencing with Section 7096) is added to Division 7 of Title 1 of the Government Code, to read:

Chapter 12.92. California Partnership for Urban Communities

7096. This act shall be known and may be cited as the California Partnership for Urban Communities Act.

7096.1. For the purposes of this chapter, the following definitions shall apply:

- (a) "At-risk urban community" means a geographic urban neighborhood or community with high unemployment and a majority of residents with an income at or below 80 percent of the low- and moderate-income (LMI) category used by the federal
- (a) "At-risk urban community" means an urban neighborhood or community where the area median income is at or below 80 percent of the statewide median income as determined by the federal Department of Housing and Urban Development.
- (b) "Designated project area" means an at-risk urban community chosen by the state committee of the partnership for coordinated planning and assistance, as described in Section 7096.2, that is both of the following:
- (1) Located within a Standard Metropolitan Statistical Area, as defined by the United States Census Bureau, in this state with a population of more than 500,000.
- (2) Located within a redevelopment project area *pursuant of Section 33320.1 of the Health and Safety Code*, or enterprise zone as designated pursuant to subdivision (d) of Section 7072.
- (c) "Local community revitalization strategy" means a strategy developed by a local community or neighborhood through collaboration with relevant public and private stakeholders. The local community revitalization strategy shall address the areas of health, education, public safety, job development and training, and housing.
- 38 7096.1.
- 7096.2. (a) The California Partnership for Urban Communities to is hereby created in state government. *The purpose of the*

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partnership is (1) to develop and implement a more effective method for delivering existing state programs and services and that support and enhance comprehensive and integrated local 4 efforts to improve at-risk urban communities, and (2) to strengthen locally led public and private efforts to stabilize the social structure, increase the living standards and the overall economic performance, and improve the health of designated project areas 8 in at-risk communities. A local coordinated effort between these public and private entities shall bring together people, programs, 10 and resources in an efficient collaboration in the areas of health, 11 education, public safety, job development and training, and 12 housing. 13

(b) The purpose of the partnership is to coordinate and improve existing state and federal efforts for at-risk urban communities, in concert with locally led efforts, to stabilize the social structure, increase the living standards and the overall economic performance, and improve the health of designated project areas in at-risk urban communities. A coordinated effort shall bring together people, programs, and resources in a public-private collaboration in the areas of health, education, public safety, job development and training, and housing.

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- (b) The partnership shall include a state committee consisting of all of the following:
- 25 (1) The following state officials, or their designees from the 26 executive office of the corresponding agencies:
 - (A) The Secretary of Business, Transportation and Housing.
 - (B) The Secretary of Labor and Workforce Development.
 - (C) The Secretary of California Health and Human Services.
 - (D) The Superintendent of Public Instruction.
- 31 (E) The Attorney General.
 - (2) One representative, who will serve at the pleasure of each of the following:
- 34 (A) The California Economic Strategy Panel, chosen by the 35 chair of the panel.
 - (B) The California Workforce Investment Board, chosen by the chair of the board.
- 38 (C) The Employment Training Panel, chosen by the chair of the panel.

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(d) Additionally, for each designated project area, the partnership shall include the following:

- (c) The Secretary of Business, Transportation and Housing shall serve as chair of the partnership.
- (d) The partnership shall include a local committee for each designated project area consisting of all of the following:
- (1) Two elected local government members, one chosen by the city council with jurisdiction over the designated project area, and one chosen by the county board of supervisors with jurisdiction over the designated project area. The elected local government members appointed under this paragraph shall serve at the pleasure of their appointing entities.
- (2) Four civic leaders or private sector members, chosen by the city council with jurisdiction over the designated project area. The civic leaders or private sector members appointed under this paragraph shall serve at the pleasure of their appointing entities.
- (3) Three representatives of existing nonprofit organizations, consortia, civic organizations, or educational institutions, with established ties to, and that have a primary organizational focus on promoting the economic and social advancement of, at-risk urban neighborhoods. Board representatives appointed under this paragraph shall be nominated by the partnership and appointed by the chair. They shall serve at the pleasure of the chair. urban neighborhoods. The chair of the partnership shall select representatives appointed under this paragraph from a list of recommendations provided by the local committee. They shall serve at the pleasure of the chair.
- (4) All Members of the Legislature who represent the designated project area shall be ex officio, nonvoting members of the partnership, to the extent that service with the partnership does not conflict with their legislative duties.
- (e) The Secretary of Business, Transportation and Housing shall serve as chair, with one elected local government member from the designated project area and one civic leader or private sector member from the designated project area to serve as vice chairs in each designated project area.
- (e) Each local committee shall select one elected local government member and one civic leader or private sector member to serve as chair and vice chair of the local committee. The local committee shall serve as the official body for discussions regarding

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implementation of the overall local community revitalization plan. Nothing in this subdivision precludes or limits the state from having discussions with any public entity regarding any activities occurring within or related to each designated project area.

- (f) The partnership may request that the economic development coordinators from the local governments with jurisdiction over a designated project area serve as ad hoc advisors to the partnership.
 - (f) No member shall receive compensation, but may be
- (g) No member of the partnership shall receive compensation, but may be reimbursed for actual and necessary expenses related to travel by the member for purposes of partnership activities.

(g)

 (h) The partnership shall meet at least once quarterly for the conduct of its business. It may also host town hall meetings in an affected urban neighborhood a designated project area in addition to, or in conjunction with, its quarterly meetings.

(h)

- (i) A majority of the membership shall constitute a quorum for the purposes of holding meetings or otherwise conducting partnership business. Any item of partnership business requiring a vote of the membership shall be subject to a majority vote *from* each committee.
- 7096.2. (a) (1) The state committee described in subdivision (c) of Section 7096.1 shall designate one at-risk community on a pilot project basis to test the partnership concept and approach to revitalizing urban neighborhoods as described in this section. The pilot project shall focus on implementing a coordinated and expedited state and federal response to local economic development and other needs in the affected urban community, such as educational attainment, increased employment, reduction of crime rates, improved health, and increased home ownership.
- (2) Based on the results of the pilot project described in paragraph (1), the state committee may designate up to two project areas in the state for partnership participation in any given calendar year.
- (b) Duties of the state committee and participating partners shall include all of the following, as applicable:
- (1) Analyze programs and policies of partnership member agencies that are related to the at-risk urban communities to determine what changes, modifications, and innovations should

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be considered in state programs in the areas of health, job
 development and training, public safety, education, and housing,
 if any.

- (2) Direct each state department or agency with relevant statutory authority or programs to identify and make available appropriate resources for a designated project area. These departments and agencies shall include, but not be limited to, the Department of Housing and Community Development, the State Department of Health Care Services, the State Department of Social Services, the Department of Community Services and Development, the Employment Development Department, the State Department of Education, the Department of Justice, the California Infrastructure and Economic Development Bank, and the Juvenile Justice Division of the Department of Corrections and Rehabilitation.
- 7096.3. (a) The California Partnership for Urban Communities Fund is hereby created in the State Treasury for the purpose of receiving federal, state, local, and private economic development funds allocated for the purposes of this chapter. Among other purposes, moneys in the fund may be used to leverage private sector and nonprofit contributions to support activities in designated project areas.
- (b) The Business, Transportation and Housing Agency shall provide administrative support to the partnership out of existing resources or any budget appropriation to finance that administrative support. The Director of Finance may accept monetary gifts for the support of the activities of the partnership.
- 7096.4. (a) Duties of the state committee and participating partners on the local committee for each designated project area shall include all of the following, as applicable:
- (1) Direct each state department or agency with relevant statutory authority or programs to identify and make available appropriate resources for a designated project area consistent with its local community revitalization strategy. These departments and agencies may include, but not be limited to, the Department of Housing and Community Development, the State Department of Health Care Services, the State Department of Social Services, the Department of Community Services and Development, the Employment Development Department, the State Department of Education, the Department of Justice, the California Infrastructure

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and Economic Development Bank, the State Historic Preservation Officer, and the Juvenile Justice Division of the Department of Corrections and Rehabilitation.

- (2) Analyze programs and policies of partnership member agencies that relate to the recommended actions in each of the local community revitalization strategies of designated project areas to determine what changes, modifications, and innovations should be considered in state programs in the areas of health, job development and training, public safety, education, and housing, if any. The purpose of this analysis is to better serve the project area and other communities and neighborhoods in the state facing similar challenges.
- (3) Consider statistical and data analysis, research, and policy studies related to at-risk urban communities.
- (4) Develop, recommend, and implement short-term and long-term options for promoting sustainable economic development in the state's at-risk urban communities.
- (5) Consult and coordinate activities with federal, state, and local governments, community leaders, state legislators, the private sector, nonprofit organizations, and other interested parties to benefit at-risk urban communities, paying particular attention to maintaining existing authorities of the state and local governments, and preserving their existing working relationships with other agencies, organizations, or individuals.
- (6) Coordinate and collaborate on research and demonstration priorities of partnership member agencies related to at-risk urban communities.
- (7) Integrate state and federal initiatives and programs into the design of sustainable economic development actions for the state's at-risk urban communities.
- (8) Identify projects and programs that will best utilize public dollars and most quickly improve the economic vitality of at-risk urban communities, especially those that leverage federal, state, local, and private sector resources in a coordinated effort to address critical needs in these communities.
- (9) Work with members of the state's elected congressional representatives and federal officials to gain federal support for projects identified by the partnership as critical to the state's at-risk communities.

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(10) Partner with the University of California, the California State University, the California Community Colleges, and the state's other research and educational institutions, as well as private foundations, to provide guidance, advice, and encouragement in support of studies of particular interest and importance to the at-risk urban communities.

(c)

- (b) The partnership may form additional advisory committees, subcommittees, or working groups, as it deems necessary.—The partnership—shall—request—that—the—economic—development coordinator from the local government with jurisdiction over a designated project area serve as ad hoc advisor to the partnership.
- (d) The Business, Transportation and Housing Agency shall provide administrative support to the partnership out of existing resources or any budget appropriation to finance that administrative support. The Director of Finance may accept monetary gifts for the support of the activities of the partnership.

(e)

- (c) The Business, Transportation and Housing Agency shall create a Web page accessible on the Internet for the partnership with a link from its main page to provide the public with information about the partnership's meetings and how to interact with the partnership.
- (d) Upon funds becoming available, the partnership shall establish and operate a program to distribute matching grants to designated project areas that can be used as seed grants to leverage private sector and nonprofit contributions to support activities in the designated project areas.
- (f) In performing all of their duties, the state committee and participating partners shall be guided by the following principles:
- (1) The strategy should be comprehensive, including social, physical, and economic development.
- (2) The planning process shall be participatory, involving all community residents in the development of economic programs and plans.
- (3) The strategy shall build the capacity of underutilized human and institutional resources, including the transfer of knowledge and skills.
- (4) The strategy shall promote ownership by the community in both development process and product.

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(5) The strategy shall promote bridge building and interethnic unity so that different ethnic groups and neighborhoods can be brought together around common policies and goals.

- 7096.3. The partnership shall, for purposes of administering the program in designated at-risk urban communities, contract with nonprofit entities that meet all of the following criteria:
- (a) Have a strategic plan for revitalization of a specified community.
- (b) Able to demonstrate commitments of local government collaboration with at least two formal memoranda of understanding with publicly funded entities in the areas of education, public safety, health, housing, employment, and economic development, as described in Section 7096.2.
- (c) Have secured private sector and nonprofit organization funding that is available as a local match for any state funds that are available for the project.
- 7096.4. The partnership shall report annually to the Governor and the Legislature on its activities, including at least both of the following:
- (a) Determinations and resulting actions initiated by the partnership and participating entities and state agencies.
- (b) Legislative proposals for enactment in furtherance of the partnership's mission.
- 7096.5. (a) The partnership shall, at a minimum, use the following eligibility criteria to designate at-risk urban communities:
- (1) The community shall have a local community revitalization strategy for the applicant community or neighborhood.
- (2) The community shall be able to demonstrate commitments of local government collaboration with at least two formal memoranda of understanding with publicly funded entities in the areas of education, public safety, health, housing, employment, and economic development, as described in Section 7096.2.
- (3) The community shall have secured private sector and nonprofit organization funding that is available as a local match for any state funds that are available for the project.
- (b) The local community revitalization strategy is the foundation for all partnership activities. In designating a new project area, the state committee shall be guided by the following principles:

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(1) The strategy should be comprehensive, including social, physical, and economic development.

- (2) The planning process for the development of the strategy should be participatory, involving a significant majority of all community residents and other stakeholders.
- (3) The strategy shall build the capacity of underutilized human and institutional resources, including the transfer of knowledge and skills.
- (4) The strategy shall promote ownership by the community in both development process and product.
- (5) The strategy shall promote bridge building and interethnic unity so that different ethnic groups and neighborhoods can be brought together around common policies and goals.
- 7096.6. The partnership shall report annually to the Governor and the Legislature on its activities, including at least the following:
- (a) A summary of the actions taken by the state committee and projected outcomes of these actions for each designed project area.
- (b) Identification of public and private moneys and actions leveraged through partnership activities. Particular focus shall be made to contributions and investments made by the private sector.
- (c) A progress report on the implementation of each local community revitalization strategy.
- (d) Determinations and resulting actions initiated by the partnership pursuant to its analysis of state programs and policies pursuant to this chapter.
- (e) Legislative proposals for enactment in furtherance of the partnership's mission.
- 7096.7. (a) (1) The Secretary of Business, Transportation and Housing shall designate, no later than May 1, 2008, one at-risk urban community as a pilot project pursuant to the conditions in subdivision (b) to test the local-state partnership concept and approach to revitalizing at-risk urban communities. The pilot project shall focus on implementing a coordinated and expedited state response to local economic development and other needs in the affected urban community, such as educational attainment, increased employment, reduction of crime rates, improved health, and increased home ownership.

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(2) Based on the results of the pilot project described in paragraph (1), the state committee shall determine how the approach can be used to establish limited term local state partnerships to improve the quality of life for people and businesses located in at-risk urban communities. The state committee shall establish procedures and, where necessary, guidelines for selecting participating with, and overseeing partnership activities.

- (3) The state committee may designate up to two project areas in the state for partnership participation in any given calendar year. A partnership with an at-risk urban community shall be for a term of no more than three years. As a condition of joining the partnership, an at-risk urban community shall agree to annual reporting on the goals and objectives identified in its local community revitalization strategy.
- (b) (1) In addition to the requirements of Section 7096.5, the Secretary of Business, Transportation and Housing shall select the pilot project at-risk urban community based on the following criteria:
 - (A) Demonstrated need of the at-risk urban community.
- (B) Existing assets of the at-risk urban community that can provide a basic infrastructure for community development.
- (C) Demonstrated capabilities of the applicant organization for strategic planning and administration of programs.
- (D) Demonstrated ability to use a system of metrics to measure neighborhood change.
 - (2) The pilot shall run for a term of no less than three years.
- (3) The state committee may designate additional project areas prior to the completion of the pilot project, upon a determination by the Secretary of Business, Transportation and Housing that it is in the best interest of the state to utilize the California partnership methodology to intervene in the downward spiral of economic and social conditions within at-risk urban communities and that sufficient moneys are available for the state to be an adequate partner in implementing local community revitalization strategies.
- (c) The partnership shall report annually to the Governor and the Legislature on the progress of the pilot project, including, but not limited to, all of the following:
- (1) A summary of the actions taken by the state committee and projected outcomes of these actions within the pilot project area.

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(2) Identification of public and private moneys and actions leveraged through partnership activities. Particular focus shall be made to contributions and investments made by the private sector.

- (3) A progress report on the implementation of the pilot project area's local community revitalization strategy.
- (4) Determinations and resulting actions initiated by the partnership pursuant to its analysis of state programs and policies pursuant to this chapter.
- (5) Legislative, regulatory, and administrative proposals in furtherance of the partnership's mission and advancement of having the state become a meaningful and cooperative partner in the implementation of locally driven community revitalization strategies.

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- 7096.8. This chapter shall remain in effect only until January 1,2012 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1,2012 2015, deletes or extends that date.
- SEC. 3. The sum of five hundred thousand dollars (\$500,000) is hereby appropriated from the General Fund, to be available for expenditure between January 1, 2008 and January 1, 2011, to the Business, Transportation and Housing Agency for implementing Chapter 12.92 (commencing with Section 7096) of Division 7 of Title 1 of the Government Code, as added by Section 2 of this act.